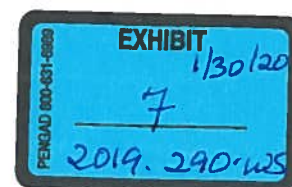


Statements and Questions  
for  
The Public Service Commission  
and  
Blue Granite Water Company

Statements

1. I have been a customer of Blue Granite's sewer service for 18 years and strongly oppose ANY increase in rates for Blue Granite.
2. When I first started with Blue Granite in 2002 my sewer bill was \$30.33 per month by 2006 it had increased to \$37.76 a 24.5% increase, by 2014 it was \$44.60 a 18.11%, 2 years later (2016) it increased to \$57.58 a 29.1% increase, in 2019 it increased to \$65.08 a 13.03% increase. Now with the request before you it is asking for \$101.30 a 55.65% increase. From 2016 to present they have requested increases totaling 75.93%. My average water consumption is approximately 4,425 gallons per month including the 4 months where much of my water is used to water my lawn!
3. Such increases for lifeline services as noted by AARP in previous rate cases are "very burdensome to older customers and can threatened health and safety particularly for individuals such as our members – low and fixed income customers." As you know too many older customers are already struggling to afford such increases because they spend a greater proportion of their fixed income on food, water and sewer than higher income households. The loss of water and/or sewer service could require some households to forego other necessities such as food and prescription medicines.



4. Need I remind all commissioners such increases of 55.65% may contradict the long accepted practice of gradualism in rate design. (State of Missouri ex re. Southwest Bell Telephone Co. v. Public Service Commission of Missouri, 262 U.S. 276, 290, 43 S.Ct 544, 547, ft. nt. 2 (1923).  
(Taken from SCPSC Docket 2018-319-E Page 5)
5. Customers appearing before this commission have noted that the rates proposed are out of line with the rates in comparable neighborhoods served by other providers. The proposed rates are even higher than Carolina Water Service charges in North Carolina per their last rate approval.

Questions:

1. Please explain why Blue Granite does not charge for sewer service based on the customer's water consumption. My household consists of 2 people and I pay as much as a household of 4, 6 or 8. Is that justified? In Mr. DeStafano's testimony (page 13 lines 5-10) I believe he stated that the cost from their provider is based on "volumetric tariff rates". What is this tariff rate and why is my rate not based on volume?
2. Please explain to me the proposed breakdown in the new sewer rates of Residential Charges (\$47.10 per unit) and the Sewer Treatment Charge (\$54.20 per unit). How were these figures determined?
3. In Mr. DeStafano's testimony (page 9 lines 12-15) he stated "Pursuant to the Commissioners Order No. 2015-876 in Docket No.2015-199-WS" it had been deferring its purchased water and wastewater treatment costs resulting from rate increases." How much did this add to the rate proposal?
4. Please review closely Mr. DeStafano's testimony on page 29 lines 16-21 for the exorbitant rates charged by third party providers included in Blue Granite's base rates. How is this allowable? Please explain per policy.

5. I suggest that the PSC review its "Purchased Wastewater and Expense Rate Adjustment" policy. This policy was supposed to stabilize rates but how has this helped?
6. Blue Granite states in its documents that it spent \$23 million on infrastructure improvements and this makes up a large portion of the proposed increase. Excuse me but have the ratepayers not been paying for repair, replacement and new infrastructure for all the past years through the double digit percentage rates we have been charged? Also what about depreciation. Per Mr. D'Ascendis' testimony (page 9 lines 24-26) he stated "depreciation rates are one of the principal sources of internal cash flows for all utilities (through utilization of depreciation expense) and are vital for a company to fund ongoing replacements and repairs of water and wastewater systems."
7. Did the PSC approve any three or five year plan for Blue Granite that would mandate these improvements or where such large scale improvements necessary due to mismanagement and inefficiency of Blue Granite's management in not keeping the system up to date? It appears to me that management misspent funds that should have been used to upgrade infrastructure. In a rate meeting in 2015 a James D. Manning requested that Carolina Utilities (Blue Granite) submit an acceptable 5 year cost control plan to PSC. This was a great idea and should be mandatory for all service providers so the PSC can judge for itself whether Blue Granite is efficient and accountable to the PSC and ratepayers of SC. The Commissioners and ratepayers must be shown that the company is efficient in the use of our dollars.
8. Please explain to me Blue Granite's corporate structure? As I understand it, Blue Granite Water Company and Water Service Corporation (WSC) are subsidiaries of Inland Pacific Resources, Inc. which is owned by Corix Regulated Utilities (CRU) which is a wholly owned subsidiary of Corix Infrastructure, Inc. (CII) which is a privately held corporation owned by certain affiliates of British Columbia Investment Management Corporation. Who holds the stock in this privately

held company? How are profits passed from Blue Granite up the chain to each of these companies? You know they all get a slice of the pie.

9. A shared service agreement structure (AIA) has been in place for several years according to Mr. Elicegui's testimony (page 5 line 15). How has this impacted service provided to Blue Granite and ultimately its customers? We keep hearing in testimony from customers of poor service and trouble with infrastructure especially at the Landings (Watergate Project)?
10. Please have Blue Granite explain the \$4 million spent on infrastructure at the Friarsgate station? Was not some of the depreciation from the old station available to offset the total cost it is trying to pass on to its customers? Why were there so many problems with this station over the years? Was it not properly maintained? Why all the environmental problems? This was not a new problem and should have been addressed in years past.
11. Blue Granite was compelled to sell its condemned plant in Lexington. The Town of Lexington was ordered by court to pay approximately \$ 7.5 million to Blue Granite. Is this court ordered payment used to offset other expenses that would be charged to Blue Granite customers?
12. Blue Granite's request for a change in depreciation schedules needs to be looked at closely for the impact it will have on ratepayer's rates going forward. I have serious questions as to the proper use by Blue Granite of its depreciation expense for infrastructure maintenance and upkeep in the past. I am well aware that the old depreciation figures may have been outdated but still proper management over the years would have resulted in replacement of items that were causing problems rather than simply waiting till their useful life expired on their books.
13. Blue Granite's request to pass through increases approved for their third party sewer treatment provider would seem to violate the due process rights of its customers and may result in the taking of property without sufficient notice. I therefore oppose this request.

14. It was noted that deferred charges for third party services has been included in this request.  
How were these charges calculated? Does Blue Granite ever discuss these increases with the provider and PSC in an effort to receive better rates?
15. What are the large Miscellaneous Expenses noted on Schedule 302 Operating Expenses under Administrative and General expenses page 119 (\$866,889) and under Operations and Maintenance Expenses page 151 (\$543,353) filed October 2, 2019 at 10:56 am?
16. Is Blue Granite's water tested frequently by DHEC? Are these reports made available to the PSC? We have heard a number of complaints regarding water quality in many areas.
17. What is the efficiency of the sewer treatment plant where wastewater is not treated by third parties? No sampling is required by DHEC. Efficiency should be calculated at least 4 times a year minimum, reported to the PSC and be within state and federal guidelines.
18. The PSC must ask its commissioners if the utilities serving SC are truly meeting their responsibilities in the cost effective and prudent means that the commissioners think they are. Too much graft and corruption prevalent these days and companies and individuals must be held accountable.
19. Where in state law is it stated that a utility group must be given a "guaranteed" rate of return on its investment? Should the company not be run as any other company in the most productive, cost saving, and efficient way and, therefore, earn its return. I believe the law tends more to say the utility must "earn" the rate of return by providing the quality products and services it promised the Commission and customers it would provide. If it has been properly managed but still falls short due to extremely unusual events then I can see assisting with the return because they are a public utility and important to the community.
20. The Utility Proxy Group noted in Mr. D'Ascendis' testimony (page 12) is not a relevant group of companies due to location, size, cost of living and structure. (California (?)) and billions in size

compared to millions?) He even notes on page 41 lines 24-27 that "The Utility Proxy Group's market capitalization is 77.9 times the size of BGWC's estimated capitalization. As a result it is necessary to upwardly adjust the indicated common equity cost rate of 10.20% to reflect BGWC's greater risk due to its smaller relative size." Some of these companies are publicly held companies and have different organizational structures to deal with. This group is not representative enough to Blue Granite. We need closer and more local companies for comparison. I would certainly like my home value to be based on values in California!

21. The time may be approaching when this company must be taken over by another company that can show it can provide reasonable rates to its customers without seeking large percentage rate increases every two years from the Public Service Commission. We have had it!